

CLAIMS

The invention claimed is:

1. A method that allows a dealer to offer a financing source to a customer to purchase a product selected from an inventory of products maintained by a dealer,
5 the method comprising the steps of:
 - maintaining a database of the dealer's inventory, the dealer's inventory including a plurality of products, each product having a dealer cost associated therewith and a sale price at which the dealer desires to sell the product;
 - gathering information from the customer including a down payment amount
10 which the customer has available for a down payment towards the purchase of a product;
 - calculating a credit score for the customer based at least in part on the information gathered from the customer;
 - determining an advance amount to be paid to the dealer for each individual
15 product in the dealer inventory in the event that that particular product is sold to the customer;
 - calculating a front-end profit to be realized by the dealer for each individual product in the dealer inventory based on the dealer cost associated with each individual product, the advance amount determined for each individual product, and the down
20 payment amount; and
 - presenting a financing package to the dealer for each individual product in the dealer's inventory.
2. The method of providing financing of claim 1 further comprising the
25 step of completing a sale of an individual product from the dealer's inventory of products to the customer, the sale being financed according to the financing package presented to the dealer for that particular product.
3. The method of claim 2, wherein the financing package includes the sale
30 price, the down payment amount, an amount financed, an interest rate, a total payment

amount, and a monthly payment amount to be paid by the customer until the total payment amount has been paid.

4. The method of claim 3 further comprising the step of collecting
5 monthly payments from the customer in the monthly payment amount and paying a fraction of the collected monthly payments to the dealer.

5. The method of claim 4 wherein the fraction of received payments paid
to the dealer is 80%.

10 6. The method of claim 4 further comprising the step of applying the fraction of the collected monthly payments paid to the dealer to offset the advance amount paid to the dealer at the time the product was sold.

15 7. The method of claim 4 further comprising the steps of providing financing to a plurality of customers for the purchase of a plurality of products from the dealer, and applying the advance amount from each transaction to a collateral pool, whereby the fraction of the collected payments from each customer is applied to offset a total amount advanced for all transactions.

20 8. The method of claim 7 further comprising the step of capping the collateral pool after a fixed number of financing transactions have been entered such that advances paid to the dealer for financing transactions entered after the collateral pool has been capped are applied to a second collateral pool.

25 9. The method of claim 8 further comprising the steps of:
at a predefined time after the first collateral pool has been capped determining a collection rate of monthly payments received for all financing transactions entered by the dealer; and

30 issuing a payment to the dealer in an amount equal to a percentage of the fraction of the collected monthly payments to be paid to the dealer multiplied by an

amount expected to be collected from all of the transactions, when the collection rate exceeds a predefined threshold.

10. The method of claim 1 further comprising the steps of:
- 5 providing a user terminal for entering the customer information;
- providing a server connected to the user terminal via a network, and having access to the dealer inventory database; and
- configuring the server to receive the customer information from the user terminal, to access the dealer inventory database, to generate the financing packages
- 10 for each individual product in the dealer's inventory based on the customer information and the inventory data stored in the database, and to transmit the financial packages to the user terminal over the network for display on the user terminal.

11. The method of claim 1 wherein the dealer's inventory comprises a
- 15 plurality of vehicles.

12. A system for providing guaranteed financing to a customer for allowing the customer to purchase a product from an inventory of a dealer, the system comprising:
- 20 a network;
- a financing package generating unit including a database configured to store the inventory of the dealer including a plurality of individually priced items, and a calculation unit;
- a user terminal adapted to accept credit information from the customer and
- 25 further adapted to transmit the credit information over the network; and
- a server configured to receive credit information through the network, and to access the financing package generating unit, which retrieves a credit report related to the customer, and calculates a credit score for the customer based on the credit report and the credit information, the financing package generating unit further generating
- 30 financing packages for each of the individually priced items in the database, the financing packages including a front-end profit calculated based on the credit score

and dealer costs, the server beings further configured to transmit the financing packages to the user terminal for presentation to the dealer.

13. The system for providing guaranteed financing as claimed in claim 12,
5 wherein the user terminal is further adapted to process a sale of an approved product to the customer, wherein the approved product is selected from the individually priced items in the inventory for which financing options are displayed on the user terminal, and wherein processing the sale includes accepting a down payment amount from the customer and extending financing to the customer.

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14. The system for providing guaranteed financing as claimed in claim 13, wherein the server is further adapted to process a payment of an advance to the dealer in furtherance of the sale.

15. The system for providing guaranteed financing as claimed in claim 14,
15 wherein the server is further configured to collect periodic payments from the customer in satisfaction of the financing extended to the customer.

16. The system for providing guaranteed financing as claimed in claim 15,
20 wherein the dealer receives a share of the payments collected from the customer.

17. The system for providing guaranteed financing as claimed in claim 16, wherein the share received by the dealer is 80%.

18. The system for providing guaranteed financing as claimed in claim 17,
25 wherein the share received by the dealer is applied to offset the amount of the advance paid to the dealer.

19. The system for providing guaranteed financing as claimed in claim 16,
30 wherein the server is further adapted to calculate the dealer's back-end profits based on estimated collection rates of the periodic payments and to process a payment of the

back-end profits to the dealer, wherein the back-end profits are the dealer's share of collected payments received after the advance has been fully offset.

20. The system for providing guaranteed financing as claimed in claim 12,
5 wherein the inventory of the dealer comprises a plurality of vehicles.

21. A system for generating financing packages for a customer purchase of a product from a dealer's inventory of a plurality of products, the system comprising:

a database for storing information related to each product in the dealer's
10 inventory including a dealer cost associated with each product;

a user terminal associated with the dealer adapted to receive financial information about the customer;

a server having access to the data in the database adapted to communicate with the user terminal over a network, whereby the financial information about the
15 customer may be transmitted to the server;

the server being configured to generate a financing package for each product in the dealer's inventory and transmit financing terms for each financing package to the user terminal via the network for presentation to the user.

22. The system of claim 21 wherein the server is configured such that the financing terms transmitted to the dealer include the dealer's costs associated with the product, a final sale price, an advance amount to be paid to the dealer by a party providing the financing, a down payment amount to be paid by the customer, a front end profit to be realized by the dealer at the time of sale of the product, a total amount
25 financed, an interest rate, a total payment amount, and a back-end profit to be realized by the dealer if the customer repays the total payment amount.

23. The system of claim 21 wherein the server is configured to pull a credit report on the customer, and calculate a credit score based on data contained in the
30 credit report and the financial information provided by the customer.

24. The system of claim 21 wherein the server is further configured such that the financing terms of each financing package include an advance amount to be paid to the dealer if the customer purchases the product associated with the financing package according to the financing terms of the financing package.

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25. The system of claim 24 wherein the advance amount is calculated on credit risk factors associated with the customer, contract variables related to the product, and historical collection data for past financing transactions entered into by the dealer.

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26. The system of claim 21 wherein the dealer's inventory comprises a plurality of vehicles.

27. A method for providing financing toward the purchase of a product by a customer from a merchant, the method comprising the steps of:
maintaining an inventory database of the merchant's products;
determining a down payment amount that the customer has available to pay toward the purchase of a product;
determining a credit risk associated with the customer;
20 generating a financing package for each product in the merchant's inventory of products, the financing packages being based on each individual product, the down payment amount and the credit risk associated with the customer;
presenting the financing packages for each individual product to the merchant;
whereby the merchant may select one or more of the financing packages to
25 present to the customer.

28. The method of claim 27 wherein the merchant's inventory comprises a plurality of vehicles.

29. The method of claim 27 wherein the step of generating a financing package for each product in the merchant's inventory of products comprises:
determining the merchant's costs associated with the product;

determining an advance amount to be paid to the merchant;
determining a front-end profit that will be realized by the merchant if the package is sold and the sale is financed according to the financing package.

5 30. The method of claim 29 wherein the step of generating a financing package for each product in the merchant's inventory of products further comprises:

determining an interest rate based on the customer's credit risk;

calculating an amount financed from a sale price and the down payment amount;

10 calculating a total payment amount based on the amount financed, the interest rate, and a length of time over which the amount financed is to be repaid by the customer; and

estimating a back-end profit for the merchant based on the merchant receiving a percentage of the total payment amount to be paid by the customer.

15 31. The method of claim 30 wherein the step of estimating the back-end profit further comprises the step of estimating a percentage of the total payment amount the customer is likely to repay.

20 32. The system of claim 21, further adapted to recalculate financing packages for each item in the dealer inventory based on updated customer data entered in the user terminal.

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